

CLUBS AUSTRALIA SUBMISSION WINDING DOWN AUSTRALIA'S CHEQUES SYSTEM

INTRODUCTION

Clubs Australia welcomes the opportunity to comment on the Winding Down Australia's Cheques System Consultation Paper (the Consultation Paper).

Clubs Australia represents 6,000 licensed clubs that employ more than 140,000 people. Clubs are not-for-profit organisations that provide sporting, recreational and social facilities to their members and the wider community. As member-owned businesses, clubs operate under accountable governance structures with significant member input into key decisions.

Clubs contribute to their communities through employment, training, financial and in-kind social contributions. As local community organisations, clubs are responsive in addressing the needs of their members, guests, and the broader community.

SUMMARY OF RECOMMENDATIONS

Clubs Australia supports the Government's efforts to modernise the payments infrastructure and supports Australia's shift to a digital economy. Clubs Australia is committed to guiding the club industry to ensure the removal of cheques is done in a successful manner.

Clubs Australia:

- Recommends further consideration of alternative payment platforms to cheques to ensure clubs can meet appropriate identification standards and privacy expectations.
- Recommends establishing a working group with relevant federal, state and territory authorities to consider the treatment of state and territory laws relating to cheques.
- Recommends the Government continue to provide sufficient commencement times for changes affecting cheques, to ensure that stakeholders are consulted on key issues.
- Notes the important role banks will play to ensure that all customers have access to bank cards and appropriate information to facilitate an 'EFT' payment, including through an educational campaign. Clubs Australia would welcome the opportunity to be involved in any consultations.

THE USE OF CHEQUES IN REGISTERED CLUBS

Clubs across Australia commonly use cheques across their business, particularly in connection with gambling operations. As noted in the Consultation Paper, jurisdictional legislation requires clubs to disperse gaming payouts over certain thresholds via cheque or electronic funds transfer (EFT).

For example, the *Gaming Machine Act 1991* (QLD) contains provisions for payment of cancelled credits or jackpot winnings above the maximum cash payout limit to be paid via EFT as an alternative to payment by cheque. The club or, in the case of an area or state-wide jackpot, the relevant Licensed Monitoring Operator (LMO) pays the winnings.

At the time cheque requirements in clubs were introduced, cheques were considered a harm minimisation tool. The rationale was that patrons who received a cheque from a club could not access gambling winnings immediately. However, as noted in the Consultation Paper, the use of cheques to prevent excessive gambling is not always effective.

Cheques can also assist clubs in meeting their Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) obligations. Where a patron requests a cheque be written out to someone other than themselves, this can be an indication of suspicious behaviour.

The use of cheques in clubs also provides a key tool for identifying patrons. Cheques provide positive proof of identity and through multiple steps of identification on both the issuing and claiming of the cheque, they offer a strong level of assurance to a club on the identification of a patron.

Clubs Australia has also received feedback from clubs that many patrons still prefer cheques to EFT, where a player requires or requests a payout. Clubs also tend to serve an older demographic who often feel more comfortable with traditional payment methods, including cheques.

ALTERNATIVE PAYMENT METHODS

Clubs Australia notes that the use of cheques has continually declined and it is necessary for alternative payment methods to support Australia's shift to a digital economy.

The discussion paper considers the use of PAYID as an alternative form of payment to cheques in the industry. While Clubs Australia supports the provision of alternative forms of payments in principle, any transition must account for privacy, scam, and fraud risks. As noted above, cheques often provide both the club and consumers with a greater sense of security for identification purposes.

Clubs Australia recommends that the Government consider a new fit-for-purpose alternative payment method that offers the same benefits of identification as cheques. Clubs Australia considers that there is existing infrastructure, such as PAYID, that could be utilised with further additions to provide a secure platform.

Any alternative payment tools must have robust safety and security requirements.

Clubs Australia recommends further consideration of alternative payment platforms to cheques to ensure clubs can meet appropriate identification standards and privacy expectations.

LEGISLATIVE OBLIGATIONS

Commonwealth legislation

As noted earlier, cheques are effective in ensuring that funds are being transferred to an account belonging to the intended recipient. This ability can be a key risk control under the AML/CTF laws, which may be reflected in a club's unique AML/CTF program. With cheques being phased out, it is important that other risk controls are introduced which offer the same functionality.

State and territory legislation

As discussed earlier, gambling legislation in some states and territories requires clubs to use cheques in certain circumstances.

Clubs Australia highlights that the Australian Government must work with state and territory governments to work through the implications of phasing out cheques.

Clubs Australia recommends establishing a working group with relevant federal, state and territory authorities to consider the treatment of state and territory laws relating to cheques.

TIMEFRAME FOR REMOVING CHEQUES

Ensuring sufficient commencement times and adequate support will be crucial in achieving a seamless removal of cheques from the club industry.

Clubs Australia recommends that the Government continuously review the appropriateness of the proposed implementation timeframes to ensure that businesses and consumers are prepared for the changes. To set adequate timeframes, the Government should engage with stakeholders including Clubs Australia.

Clubs Australia recommends the Government continue to provide sufficient commencement times for changes affecting cheques, to ensure that stakeholders are consulted on key issues.

THE ROLE OF BANKS

Clubs Australia considers that banks will be pivotal in the transition away from cheques. Particularly, banks will play an important role in ensuring that their customers have access to appropriate information to understand alternative payment options.

Banks are best situated to provide customer education to ensure that affected customers are aware of the impact of these changes. Clubs Australia is interested in supporting any campaign to educate its patrons.

Clubs Australia notes the key role banks will play in the transition of consumers to alternative payment methods from cheques.

CONCLUSION

Clubs Australia appreciates the opportunity to provide a submission on the Consultation Paper. Should you wish to discuss this submission further, please contact Simon Sawday, Executive Manager of Policy and Government on 0451661475 or ssawday@clubsaustralia.com.au.